

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-2(c)

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Proposed Attorneys for Saint Michael's


Medical Center, Inc., et al., Debtors-in-Possession

In re:

SAINT MICHAEL'S MEDICAL CENTER,
INC., *et al.*¹

Debtors-in-Possession.

FILED
JAMES J. WALDRON, CLERK

AUG 11 2015
U.S. BANKRUPTCY COURT
NEWARK, N.J.
BY  DEPUTY

Case No. 15-24999 (VFP)

Judge: Vincent F. Papalia

Chapter 11

(Joint Administration Pending)

Hearing Date and Time:

August 11, 2015, at 2:30 p.m.

**ORDER: (I) AUTHORIZING DEBTORS TO PAY PREPETITION
WAGES, SALARIES, AND RELATED TAXES FOR PREPETITION
PERIODS; (II) DIRECTING ALL BANKS TO HONOR PREPETITION CHECKS FOR
PAYMENT OF PREPETITION EMPLOYEE OBLIGATIONS; (III) AUTHORIZING
DEBTORS TO HONOR WORKERS' COMPENSATION AND CERTAIN EMPLOYEE
BENEFIT OBLIGATIONS; (IV) AUTHORIZING DEBTORS TO PAY CRITICAL
PREPETITION DEBTS OF PHYSICIANS AND PHYSICIAN GROUPS PERFORMING
ESSENTIAL PATIENT SERVICES; AND (V) GRANTING OTHER RELATED RELIEF**

The relief set forth on the following pages, numbered two (2) through six (6), is hereby
ORDERED.

August 11, 2015


Vincent F. Papalia, U.S.B.J.

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal identification number are: Saint Michael's Medical Center, Inc. (6046); Columbus Acquisition Corp. (6342); Saint James Care, Inc. (6230); and University Heights Property Company, Inc. (0162).

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SERVICES; AND (V) GRANTING OTHER RELATED RELIEF

THIS MATTER having been opened to the Court by Saint Michael's Medical Center, Inc., *et al.*, the within Chapter 11 debtors and debtors-in-possession (the "**Debtors**"), by and through their proposed counsel, Cole Schotz P.C., upon motion for entry of an Order:

(i) authorizing the Debtors to pay prepetition wages, salaries, and related taxes for prepetition periods; (ii) directing all banks to honor prepetition checks for payment of prepetition employee obligations; (iii) authorizing the Debtors to honor workers' compensation and certain employee benefit obligations; (iv) authorizing the Debtors to pay certain critical prepetition debts of physicians and physician groups performing critical patient services; and (v) granting other related relief (the "**Motion**");² and good and sufficient notice of the Motion having been provided in accordance with the Order Regarding Application for Expedited Consideration of First Day Matters previously entered by the Court, as evidenced by the Affidavit of Service filed with the Court; and the Court having considered all the motion papers, the opposition thereto, if any, and the arguments of counsel, if any; and the Court having determined that the relief

² All capitalized terms used but not otherwise defined herein shall have the same meanings ascribed to them in the verified application submitted in support of the Motion (the "**Application**").

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requested in the Motion is in the best interests of the Debtors, their estates and creditors; and
other good cause having been shown,

IT IS ORDERED as follows:

1. The Debtors are hereby authorized and empowered, but not directed, in their sole and absolute discretion, on a case by case basis, to (A) (i) pay, or cause to pay, the Prepetition Wages including, but not limited to, prepetition Employee claims for wages, salaries, contractual compensation, sick pay, vacation pay, personal pay, holiday pay, and other accrued compensation, and withholding and payroll related taxes for prepetition periods and to reimburse Trinity Health Corporation ("**Trinity**") to the extent it pays Prepetition Wages; (ii) honor incurred workers' compensation claims of up to \$1.75 million and incurred employee medical claims of up to \$3 million to the Debtors' ultimate parent, Trinity, for reimbursement of incurred claims which are applicable to the Employees; (iii) pay or otherwise honor all of the Prepetition Employee Obligations set forth in the Application; and (iv) pay the Prepetition Physician Contractor Obligations of up to \$1,400,000; and (B) continue their prepetition policies with respect to such payments and benefits during the Chapter 11 cases.

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Debtors: SAINT MICHAEL'S MEDICAL CENTER, INC., *et al.*

Case No. 15-24999 (VFP)

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2. The relief granted herein shall not be deemed an assumption or an authorization to assume any of the employee compensation, benefits or reimbursement policies, plans, or programs of the Debtors, nor shall the relief granted herein be deemed an assumption or an authorization to assume any contracts or agreements with the Physician Contractors pursuant to Section 365 of the Bankruptcy Code.

3. This Order does not expressly or implicitly grant or approve any bonus or severance plan or practice that might be covered by 11 U.S.C. § 503(c).

4. Any and all financial institutions honoring the aforementioned Prepetition Employee Obligations to the Debtors' Employees or Physician Contractors are authorized and directed to receive, process, honor, and pay all checks, drafts and automatic clearing house and wire transfers drawn on the Debtors' or Trinity's bank accounts, and fees, if any, associated therewith, to the extent authorized herein and directed by the Debtors, whether presented, drawn or issued before or after the commencement of the Debtors' bankruptcy cases for payment by the holder thereof, provided that sufficient funds, whether deposited prior to or subsequent to the

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Petition Date, are available to fund the relevant bank accounts to cover and permit payment thereof.

5. The Debtors are hereby authorized (consistent with this Order) to issue post-petition checks (or electronic fund transfers) in payment of Prepetition Employee Obligations covered by a check that is dishonored or rejected as a consequence of the commencement of this bankruptcy case.

6. The amount of payments to any one Employee on account of Prepetition Payroll Obligations shall not exceed \$12,475, pursuant to Section 507(a)(4) ^{and Section 507(a)(5)} of the Bankruptcy Code.

7. Nothing in this Order or the Motion shall be construed as prejudicing any rights the Debtors may have to dispute or contest the amount of or basis for any claims asserted against the Debtors arising in connection with the Prepetition Payroll Obligations or as an admission as to the validity or priority of any claim against the Debtors.

8. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion or otherwise deemed waived.

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9. Notice of the Motion shall be deemed good and sufficient notice, and the requirements of Bankruptcy Rule 6004(a) are satisfied by such notice or otherwise deemed waived.

10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

11. The Debtors' proposed counsel shall serve a copy of this Order on all parties-in-interest by regular mail within seven (7) days hereof.

Certificate of Notice Page 7 of 7
United States Bankruptcy Court
District of New Jersey

In re:
Saint Michael's Medical Center, Inc
Debtor

Case No. 15-24999-VFP
Chapter 11

CERTIFICATE OF NOTICE

District/off: 0312-2

User: ndossant
Form ID: pdf903

Page 1 of 1
Total Noticed: 1

Date Rcvd: Aug 11, 2015

Notice by first class mail was sent to the following persons/entities by the Bankruptcy Noticing Center on Aug 13, 2015.

db +Saint Michael's Medical Center, Inc., 111 Central Avenue, Newark, NJ 07102-1909

Notice by electronic transmission was sent to the following persons/entities by the Bankruptcy Noticing Center.
NONE. TOTAL: 0

***** BYPASSED RECIPIENTS *****

NONE. TOTAL: 0

Addresses marked '+' were corrected by inserting the ZIP or replacing an incorrect ZIP.
USPS regulations require that automation-compatible mail display the correct ZIP.

I, Joseph Speetjens, declare under the penalty of perjury that I have sent the attached document to the above listed entities in the manner shown, and prepared the Certificate of Notice and that it is true and correct to the best of my information and belief.

Meeting of Creditor Notices only (Official Form 9): Pursuant to Fed. R. Bank. P. 2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.

Date: Aug 13, 2015

Signature: /s/Joseph Speetjens

CM/ECF NOTICE OF ELECTRONIC FILING

The following persons/entities were sent notice through the court's CM/ECF electronic mail (Email) system on August 11, 2015 at the address(es) listed below:

Joseph L. Schwartz on behalf of Creditor JNESO, District Council 1 IUOE-AFL-CIO
jschwartz@riker.com
Kenneth A. Rosen on behalf of Interested Party Barnabas Health krosen@lowenstein.com
Lawrence P. Maher on behalf of Creditor New Jersey Health Care Facilities Financing Authority
lmaher@greenbaumlaw.com
Michael D. Sirota on behalf of Plaintiff Saint Michael's Medical Center, Inc., et al.
msirota@coleschotz.com
Michael D. Sirota on behalf of Debtor Saint Michael's Medical Center, Inc.
msirota@coleschotz.com
Mitchell Malzberg on behalf of Creditor District 1199J, National Union of Hospital & Health
Care Employees, AFSCME and District 1199J NJ Benefit & Pension Funds mmalzberg@mjmalzbergglaw.com,
dlapham@mjmalzbergglaw.com
Nola R. Bencze on behalf of Creditor Trinity Health System nola.bencze@bipc.com,
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Ryan T. Jareck on behalf of Debtor Saint Michael's Medical Center, Inc.
rjareck@coleschotz.com, fpisano@coleschotz.com
Warren J. Martin, Jr. on behalf of Creditor Resource Data Management, Inc.
wjmartin@pbnlaw.com,
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TOTAL: 9